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CURRENT TRENDS IN SOUTH VIETNAM (SNIE 63-6-54, Sept 15, 1954)

ESTIMATE

1. Since assuming office Premier Diem has been confronted with the usual problems of inefficiency, disunity, and corruption in Vietnamese politics and with the extraordinary problems of a mass evacuation of the Northern population and the hostility of many French officials. Despite his qualities of honesty and zeal, he has not yet demonstrated the necessary ability to deal with practical problems of politics and administration. Lacking an organized political machine and finding control of the Army in the hands of an uncooperative chief of staff, Diem's freedom of action has been severely circumscribed.

2. The French Government appears to have no definite policy toward South Vietnam. While the French Government has not openly opposed the Diem Government, France has failed to support Diem and there is no evidence that the French are prepared to carry out a policy based on unreserved support for Vietnamese independence and nationalism. Accordingly, close cooperation between the French and Vietnamese Governments, essential for the survival of South Vietnam, has been lacking and French motives have become more suspect.

3. Although little real progress has been made under Diem's administration in dealing with pressing political, military, and social problems, he still retains considerable unorganized popular support, particularly among Catholic elements of South Vietnam. He has also made some progress in reaching agreement with the powerful Cochin China sects.

4. At the moment the Diem Government is threatened by the insubordination of General Hinh, the politically ambitious Chief of Staff whom Diem has discharged. It does not now appear that the present struggle between Diem and Hinh will degenerate into civil strife. In fact Diem now appears to be making some headway in his efforts to control or exile Hinh, either of which would enhance his prestige and remove an obstacle to the strengthening of his government.

5. Bao Dai has remained in France and apparently is refraining from direct participation in political affairs in South Vietnam. His prestige among Vietnamese nationalists has been considerably lessened by his apathy toward the fate of his country. We believe that if Bao Dai were now to return to Vietnam, he would almost certainly become a center of political intrigue and would further complicate an already complex and confused situation and weaken rather than strengthen the ability of South Vietnam to achieve political stability.

6. Trends in South Vietnam since the end of the Geneva Conference have enhanced the prospects of an eventual extension of Communist control over the area by means short of large-scale military attacks. Although Diem's government will probably survive the present crisis of Hinh's insubordination, and may achieve greater strength and popular support, it will continue to be threatened by Vietminh activity, and hampered by French indecision. Diem appears to be the only figure now on the political scene behind whom genuine nationalist support can be mobilized. However, his ability to create a government that could reverse the current trend in South Vietnam depends at a minimum on an early and convincing demonstration by the French of their wholehearted support.

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